

STATEMENT OF PURPOSE

RS20299C2

The purpose of this legislation is to update the provisions of the Revenue Bond Act to conform to the provisions of Article VIII, Section 3D and Section 3E of the Idaho Constitution approved by the voters at the 2010 general election. Among other things, Article VIII, Section 3D authorizes a city owning a municipal electric system to (1) acquire, construct, install and equip electric generating, transmission and distribution facilities for the purpose of supplying electricity to customers located within the service area of such system established by law and (2) issue revenue bonds for the purpose of paying the cost thereof with the assent of a majority of the qualified electors voting at an election held as provided by law. Such revenue bonds are to be payable solely from the rates, charges or revenues derived from the municipal electric system and shall not be secured by the full faith and credit or the taxing power of the city, the state or any political subdivision. The legislation enables cities to issue electric revenue bonds for the purposes and subject to the limitations provided in Article VIII, Section 3D.

Article VIII, Section 3E authorizes a political subdivision of the state or regional airport authority operating an airport to issue airport revenue bonds and special facility bonds in order to finance the costs of acquiring, constructing, installing, and equipping airport facilities and air navigation facilities which are deemed to be for a public purpose and which facilities are to be held by the political subdivision of the state or regional airport authority or financed for, or to be leased, sold or otherwise disposed of to persons, associations or corporations. Airport revenue bonds and special facility bonds (1) would be solely payable from fees, charges, rents, payments, grants, or any other revenues derived from or relating to airport facilities and air navigation facilities, (2) shall not be secured by the full faith and credit or the taxing power of the political subdivision of the state or regional airport authority as defined by law. Special facility bonds would be additionally secured by a deed of trust, mortgage or other lien on the financed facilities or other security or credit enhancement. The legislation enables political subdivisions of the state and regional airport authorities to issue airport revenue bonds and special facility bonds for the purposes and subject to the limitations provided in Article VIII, Section 3E.

FISCAL NOTE

There will be no fiscal impact to the State of Idaho due to the implementation of this legislation.

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